



CITY OF NEWPORT BEACH

ECONOMIC DEVELOPMENT COMMITTEE

AGENDA

MEETING DATE:

Wednesday, August 16, 2006

TIME:

8:00-9:00 A.M. *Please arrive 5 min. prior*

PLACE:

City of Newport Beach Council

Chambers

Roll Call and Introductions

CONSENT CALENDAR

(All matters listed under CONSENT CALENDAR are considered to be routine and will all be approved by one motion in the form listed below. The EDC members have received detailed staff reports on each of the items recommending an action. There will be no separate discussion of these items prior to the time the Committee votes on the motion unless members of the Committee, staff, or the public request specific items to be discussed and/or removed from the Consent Calendar for separate action.)

1. Approval of Minutes of July 19, 2006 (*Attachment*)
2. Progress Report (*Attachment*)

ITEMS REMOVED FROM THE CONSENT CALENDAR

DISCUSSION ITEMS

1. "Greenlight II" Report (continued) (*Attachment*)
2. TOT Incentive Program, Crystal Cove Historic District (*Attachment*)
3. EQAC Representative's Report

ITEMS FOR A FUTURE AGENDA

PUBLIC COMMENTS

ADJOURNMENT

**NEXT EXECUTIVE COMMITTEE MEETING: Wednesday, September 6, 2006
8:00 A.M. – NEWPORT BEACH CHAMBER OF COMMERCE**

**NEXT REGULAR MEETING: Wednesday, September 20, 2006
8:00-9:00 A.M. – CITY COUNCIL CHAMBERS**

BID ADMINISTRATION

BID Administration and Coordination	BIDs/Consultant Trimble	Completed BID renewal conversions to City fiscal year.	Revisions to BID By-laws. Ongoing support for BID activities.	Ongoing.	
Balboa Village BID	Trimble	Construction complete on Phase III. Pump station ongoing. BID renewed 6/27. July meeting held 7/11.	Next BID meeting 8/15.	Ongoing.	
Corona del Mar BID	Berger	July meeting cancelled.	Next BID meeting 8/24	Ongoing.	
Marine Avenue BID	Berger	July meeting held 7/20.	Next BID meeting 9/21.	Ongoing.	No August meeting for MA BID
Restaurant Association BID	Trimble	Approved contract with CMC for Restaurant Week marketing.	Planning continues for Restaurant Week 2007. Next BID meeting 8/9.	Ongoing.	Restaurant Week in January 2007.

COMMUNITY DEVELOPMENT ADMINISTRATION

CDBG Administration	Trimble/Consultant	MOU's and Grant agreements being processed.	Work on FY2006 CAPER begins.	Ongoing.	Monitoring of sub-recipients ongoing.
Housing Administration	Trimble/B. Nichols Consultant	Monitoring existing affordable housing units resulted in return of a number of units to affordable status.	Searching for new affordable housing sites.	Ongoing.	Staff continues to coordinate with County agencies and respond to public inquiries regarding affordable housing.

Balboa Peninsula

Balboa Village Streetscape – Phase III	Stein/Trimble	Balboa Inn expansion started 09/2004. OCSD pump station construction underway. Phase III & methane capture projects nearly complete.	Removal of utility poles as property owners complete hook ups on private property.	August 2006	
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CORONA del MAR

Corona del Mar Vision Plan	Berger	Phase 2 median improvement project discussions with PW Dept.	Laser crosswalk to be implemented.		Next element now to be Phase 2 median improvements. Pedestrian street lights now after that.
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MARINE AVENUE

Marine Avenue Public Improvements Plan	Berger	None	None at present time.	All planned phases complete.	Park Avenue Bridge seismic retrofit / replacement project on hold. Sidewalk replacement to be discussed.
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MARINER'S MILE

Mariner's Mile BOA	Murrel/Berger	Meeting held 8/09. Discussion of MM-sponsored City Centennial banners and monument.	Next meeting to be held 9/13.	Ongoing activity.	MMBOA interested in continuation of MVPIP improvements and planning; extension of palm trees toward both bridges; relinquishment of PCH through MM; and waterfront boardwalk.
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EDC ACTIVITIES					
Attraction and Retention	EDC staff	Newport Lexus project ongoing. Sterling BMW plans being shepherded. Land Rover project underway. Lamborghini dealership in discussion.	Lexus service/storage facility to be opened by August 31.	Ongoing.	Continuing discussions w/auto dealers
Strategic Planning	Subcommittee / Wood/Berger	ED Strategic Plan subcommittee meeting held 8/08.	ED Strategic Plan draft under discussion by Subcommittee.	Ongoing, as part of GPU process.	
Image Enhancement & Marketing	Subcommittee / Berger	Wayfinding & Directional Signage Program. Additional mock-ups in Mariner's Mile and CdM to study minor items in place.	CC review at meeting 08/22.		Installation budget request submitted as part of FY '06-'07 CIP.
Hotels	Subcommittee Wood/Trimble				Marriott hotel project not in compliance with TCO...

POTENTIAL COSTS

INITIATIVE REQUIRING VOTER APPROVAL OF MAJOR DEVELOPMENT OVER AS-IS CONDITIONS

City Costs – without Elections

Item	One-Time	Annual Ongoing Low	Annual Ongoing High
Programming for neighborhood tracking	\$7,500		
Maintenance of neighborhood tracking data		\$25,233*	\$44,609*
Research and consultation with potential applicants		\$7,020**	\$14,040**
Summer traffic counts		\$15,000	\$15,000
Legal Defense – per case		\$50,000	\$75,000
TOTAL	\$7,500	\$97,253	\$148,649

* Assumes 1-2 hours professional time per week @\$135 + .5-1 hour clerical per day @\$55 + 10-15 min. engineer per case (685 in FY 2005) @ \$95.

** Assumes 1 inquiry per week, requiring 1-2 hours of professional time @ \$135.

Property Owner Costs – per Project

Item	Low	High
Specific Plan Preparation	\$16,000	\$47,000
Specific Plan Review	\$12,150*	\$21,600*
Summer Traffic Analysis	\$5,000**	\$7,500**
Election	\$4,000***	\$214,500***
TOTAL	\$37,150***	\$290,600***

* Assumes 90-120 professional hours, not including environmental review.

** Assumes 25% more than typical traffic study.

*** Election costs are for consolidated and special elections. These costs could be shared by the City.

CITY MANAGER'S OFFICE
MEMORANDUM

TO: Economic Development Committee

FROM: City Manager's Office
Dave Kiff, Assistant City Manager
949/644-3002 or dkiff@city.newport-beach.ca.us

SUBJECT: TOT Incentive Program – Crystal Cove Historic District

DATE: August 16, 2006

ISSUE:

Should the City directly assist with efforts to restore some of the cottages in the Crystal Cove Historic District by returning some of the Transient Occupancy Tax ("TOT") collected at the cottages?

DISCUSSION:

The City collects a 9% Transient Occupancy Tax (TOT) on stays of thirty (30) days or less in the community. The City also levies a Visitor's Service Fee (VSF) of 1% for similar stays, and passes the VSF revenue through to the Newport Beach Conference and Visitors Bureau (NB CVB) to assist the NB CVB in promoting tourism and additional hotel stays in the area (see Title 3, Newport Beach Municipal Code). The City gave the NB CVB an additional amount of revenue in recent years that increased the CVB's share of the full 10% visitor-related occupancy taxes to about 17-18% of the 10%.

The City's adopted budget estimates that the City will receive about \$8.7 million in hotel-related TOT in FY 2006-07, with another \$1.1 million coming from residential vacation rentals.

The Crystal Cove Historic District lies in the south-eastern part of the community within Crystal Cove State Park. It consists of 46 cottages that have all been turned over to the California State Parks system for restoration and management as nightly and/or weekly rentals. As such, the rentals are subject to the City's TOT and VSF. State Parks has contracted with the Crystal Cove Alliance (www.crystalcovealliance.org), a local non-profit, to manage the cottages as on-site resort managers.

Only about 22 of the cottages have been restored to a level that allows them to be used for resort activities (including guest check-in, meeting rooms, gift shop, restaurant, and more), and about 18 of them have been placed in the rental pool. The remainder await

grant funding and other resources before they can be fully renovated. Once renovated, these cottages will be available for rent through www.ReserveAmerica.com.

Since the 18 cottages have been placed on ReserveAmerica.com, rentals have consistently stayed at 100% occupancy, even during weekdays. At average nightly rents of \$165 per night and given their proximity to the beach, the accommodations are very popular.

Here is an approximation of TOT expected to be generated at the Cottages:

Crystal Cove Historic District --- TOT					
Average Room Rate	TOT Rate	Occupancy Percentage	Days of Year	Number of Cottages	Total TOT annually
\$ 165.00	9%	95%	365	18	\$ 92,686

The Crystal Cove Alliance is actively involved in fundraising to restore the remaining cottages, despite the large price tag (\$15 – 20 million). As a relatively small organization, they do not have a guaranteed source of funding for fundraising purposes. Assistance with or seed money for renovations could assist the Alliance in advancing its restoration efforts more quickly. As a result, more cottages could come “on line” and more cottages would generate TOT.

This memorandum proposes an economic development incentive for the Cottages that would direct up to half of the TOT generated from the Cottages back to the Alliance for restoration purposes, as follows. Staff is asking the Economic Development Committee to consider this proposal and make recommendations to the City Council.

PARTIES: City of Newport Beach and Crystal Cove Alliance (CCA);
TOT RETURN: Half of the 9% TOT generated by rentals of the cottages up to \$60,000 per year (inflated by CPI each year);
TERM: Five years, extendable at City’s option;
USE OF FUNDS: Renovation of remaining cottages
REPORTING: CCA must provide an annual report to the City Council at the close of each 12-month period as to progress made in fundraising and restoration.